

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 90-390-C - ORDER NO. 90-1142
NOVEMBER 29, 1990

IN RE: Application of American Long)	ORDER GRANTING
Distance Co., Inc. for a)	CERTIFICATE OF
Certificate of Public Convenience)	PUBLIC CONVENIENCE
and Necessity.)	AND NECESSITY

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed on May 11, 1990, by American Long Distance Co., Inc. (the Company) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Company is a non-facilities based telecommunications reseller incorporated in the State of Delaware whose principal place of business is 2323 S. Voss Road, Suite 630, Houston, Texas. It has qualified to do business as a foreign corporation in the State of South Carolina.

The Application was filed under the provisions of S.C. Code Ann., §58-9-10(6) and 58-9-280 (1976), as amended. The Application was duly noticed to the public and a Petition to Intervene was filed on behalf of Southern Bell Telephone and Telegraph Company (Bell). A public hearing as to the matters asserted in the Application was held in the Hearing Room of the Commission at 111 Doctors Circle at 11:00 a.m., on November 7, 1990, before the

Commissioners, with Chairman Marjorie Amos-Frazier presiding. Paul A. Dominick, Esquire, and B. C. Killough, Esquire, appeared on behalf of the Company; Caroline N. Watson, Esquire, appeared on behalf of Bell; and Sarena D. Burch, Staff Counsel, appeared on behalf of the Commission Staff. At the beginning of the hearing, the Commission granted Bell's request to withdraw its intervention.

The Company presented the testimony of Roger L. Smith, Senior Vice President and General Manager. Mr. Smith outlined the Company's legal, financial, and managerial qualifications, and technical capabilities, and addressed the issue of whether the public convenience and necessity requires the issuance of the requested certificate. No other witnesses were called.

After consideration of the record in this matter, and in accordance with applicable law, the Commission makes the following findings and conclusions:

1. American Long Distance Co., Inc. is a non-facilities based reseller of interexchange telecommunications services which seeks to provide resale interexchange telephone service in the State of South Carolina.

2. ALD was incorporated in 1988. It resells Feature Group D (FGD) access service, FGD project code service, travel card service and 800 service.

3. ALD presently adds 500 to 1,000 new customers each month. The Company wide sales volume is approximately 15,000,000.00 annually, compared to operating expenditures of 1,300,000.00. The annualized gross margin for overall operation is approximately

\$200,000.00. It has sufficient resources to fund the non-capital intensive nature of its business.

4. The Company employs a General Manager, Operations Manager, Administrative Assistant, and Clerk in the Houston office. This office is responsible for overall company management and sales. The Company has a billing agreement with Excel Telecommunications, Inc. who generates a bill on behalf of ALD. ALD also has a contract with Excel for handling customer inquiries and trouble reports. In Dallas, Excel assigns approximately twenty of their employees to ALD business. The Company has the managerial ability to offer reliable services to the public in the State of South Carolina.

5. The Company now utilizes the network of Telecom USA and Telesphere to provide service to its customers. The Company is technically qualified to provide service in the State of South Carolina.

6. The Company provides long distance service at usage sensitive pricing below AT&T rates. The basic product is distance sensitive, with time of day discounts.

7. The Company herein has shown itself to be fit, willing, and able to provide resale telecommunications services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Services, or any other services authorized

for resale by tariffs of facility based carriers approved by the Commission.

8. Consistent with our intent to encourage greater competition in the interexchange marketplace (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that the Company will offer alternatives to the consumer and thereby increase competition. Competition, along with a modern cost efficient telecommunications infrastructure, promotes improved long distance telecommunications service and adds to the economic development within the State.

9. The Company shall block or switch to the Local Exchange Carrier (LEC) all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket No. 86-187-C.

10. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C, on August 2, 1984. The Commission herein adopts a rate design for the Company which includes only a maximum rate level for each tariff charge.

11. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces

of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of S.C. Code Ann., §58-9-540 (Cum. Supp. 1989).

12. The Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service, and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

13. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

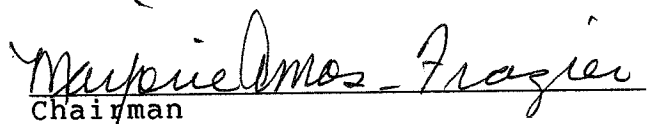
14. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is as set out in Attachment A, hereto.

15. The Company should file tariffs consistent with the Commission's Rules and Regulations pertaining to telecommunications

utilities and to reflect the findings herein within thirty (30) days of the date of this Order.

IT IS THEREFORE ORDERED that the foregoing findings and conclusions of the Commission are hereby ordered to be accomplished as set forth herein.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE
INVESTMENT (SEE #3 ABOVE).